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Advanced Semiconductor Manufacturing Corporation Limited

(a foreign invested joint stock company incorporated in the People's Republic of China with limited liability)

(Stock Code: 03355)

2013 interim report

CONTENTS

CORPORATE INFORMATION

DIRECTORS

Executive Director
Dr. WANG Qingyu

Non-executive Directors
Dr. CHEN Jianming *(Chairman)*
Mr. Winfried Lodewijk PEETERS *(Vice Chairman)*
Ms. SHEN Qing *(Vice Chairman)*
Ms. WU Yi
Mr. ZHU Jian
Mr. XU Ding

Independent Non-executive Directors
Mr. James Arthur WATKINS
Dr. CHEN Enhua
Dr. JIANG Qingtang
Mr. PU Hanhu

BOARD COMMITTEES

Audit Committee
Mr. James Arthur WATKINS *(Chairman)*
Dr. CHEN Enhua
Dr. JIANG Qingtang
Ms. WU Yi
Ms. SHEN Qing

Remuneration Committee
Mr. PU Hanhu *(Chairman)*
Mr. James Arthur WATKINS
Mr. ZHU Jian

Nomination Committee
Dr. CHEN Jianming *(Chairman)*
Mr. Winfried Lodewijk PEETERS
Dr. CHEN Enhua
Mr. PU Hanhu
Mr. James Arthur WATKINS

Strategic Development Committee
Mr. XU Ding *(Chairman)*
Mr. Winfried Lodewijk PEETERS
Mr. ZHU Jian
Ms. SHEN Qing
Dr. JIANG Qingtang

SUPERVISORS

Ms. XU Chunlei *(Chairman)*
Mr. YANG Yanhui
Mr. SUN Biyuan
Ms. CHEN Yan
Mr. ZHOU Chengjie
Mr. PAN Guojin

JOINT COMPANY SECRETARIES

Mr. XIAO Weiming
Ms. MOK Mingwai

AUTHORIZED REPRESENTATIVES

Dr. WANG Qingyu
Mr. XIAO Weiming

EXTERNAL AUDITORS

Ernst & Young

INVESTORS AND MEDIA RELATIONS CONSULTANT

Hill+Knowlton Strategies

REGISTERED OFFICE

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Central, Hong Kong

SHAREHOLDERS' ENQUIRIES

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183 Queen's Road East
Wan Chai, Hong Kong

SHARE INFORMATION

Listing Place
Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange")

Listing Date
7 April 2006

Stock Code
03355

Number of H-shares Issued
1,131,333,472 H-shares

Year-end Date
31 December

INDEPENDENT AUDITORS' REVIEW REPORT

EY 安永

To the Board of Directors of
Advanced Semiconductor Manufacturing Corporation Limited
(Established in the People's Republic of China with limited liability)

INTRODUCTION

We have reviewed the accompanying interim condensed financial statements of Advanced Semiconductor Manufacturing Corporation Limited (the "Company") set out on pages 6 to 21, which comprise the interim statement of financial position as at 30 June 2013 and the interim statement of comprehensive income, the interim statement of changes in equity and the interim condensed statement of cash flows for the six months then ended and certain explanatory notes. The Main Board Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of interim financial statements to be in compliance with the relevant provisions thereof and International Accounting Standard 34, "Interim Financial Reporting" ("IAS 34") issued by International Accounting Standards Board. The directors of the Company are responsible for the preparation and presentation of these interim condensed financial statements in accordance with IAS 34. Our responsibility is to express a conclusion on these interim condensed financial statements based on our review. Our report is made solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements ("HKSRE") 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. A review of interim condensed financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing. Consequently, it does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed financial statements of the Company are not prepared, in all material respects, in accordance with IAS 34.

Without qualifying our conclusion above, we draw attention to the fact that the unaudited interim statements of comprehensive income of the Company for the three months ended 30 June 2012 and 30 June 2013 and the relevant notes were presented for management purpose. We have not audited or reviewed such financial information and accordingly express no assurance thereon.

Ernst & Young
Certified Public Accountants
22nd Floor
CITIC Tower
1 Tim Mei Avenue, Central
Hong Kong

7 August 2013

INTERIM STATEMENT OF COMPREHENSIVE INCOME

for the six months ended 30 June 2013

	Notes	3 months ended 30 June 2013 (Unaudited and unreviewed) RMB'000	6 months ended 30 June 2013 (Unaudited) RMB'000	3 months ended 30 June 2012 (Unaudited and unreviewed) RMB'000	6 months ended 30 June 2012 (Unaudited) RMB'000
Revenue	5	**221,731**	**366,850**	251,543	448,823
Cost of sales		**(172,600)**	**(315,879)**	(197,220)	(386,727)
Gross profit		**49,131**	**50,971**	54,323	62,096
Other income and gains	6	**9,620**	**13,190**	5,029	15,716
Selling and distribution expenses		**(2,063)**	**(4,112)**	(1,988)	(3,737)
General and administrative expenses		**(17,345)**	**(33,425)**	(17,800)	(32,733)
Research and development costs		**(7,062)**	**(18,681)**	(6,316)	(14,634)
Other expenses	6	**(2,445)**	**(4,118)**	—	—
Finance costs	7	**(123)**	**(321)**	(292)	(838)
Profit before tax	7	**29,713**	**3,504**	32,956	25,870
Income tax	8	**—**	**—**	—	—
Profit for the period		**29,713**	**3,504**	32,956	25,870
Other comprehensive income for the period		**—**	**—**	—	—
Total comprehensive income for the period attributable to ordinary equity holders of the Company		**29,713**	**3,504**	32,956	25,870
Earnings per share attributable to ordinary equity holders of the Company					
– Basic and diluted	10	**1.94 cents**	**0.23 cents**	2.15 cents	1.69 cents

Details of the dividends proposed for the period are disclosed in note 9 to the interim condensed financial statements.

INTERIM STATEMENT OF FINANCIAL POSITION

30 June 2013

	Notes	30 June 2013 (Unaudited) RMB'000	31 December 2012 (Audited) RMB'000
Non-current assets			
Property, plant and equipment	11	**313,123**	318,508
Construction in progress		**75,949**	18,888
Prepaid land lease payments		**30,850**	31,235
Intangible assets		**7,266**	8,058
Total non-current assets		**427,188**	376,689
Current assets			
Inventories		**112,697**	108,474
Accounts and notes receivables	12	**94,277**	73,664
Prepayments, deposits and other receivables		**12,324**	18,343
Due from related companies		**33,946**	19,307
Cash and cash equivalents		**369,421**	414,074
Total current assets		**622,665**	633,862
Total assets		**1,049,853**	1,010,551
Current liabilities			
Accounts payable	13	**129,065**	75,820
Other payables and accruals		**33,352**	42,638
Due to related companies		**3,786**	4,931
Government grants		**2,679**	8,109
Interest-bearing bank borrowings	14	**18,536**	18,857
Total current liabilities		**187,418**	150,355
Net current assets		**435,247**	483,507
Total assets less current liabilities		**862,435**	860,196
Non-current liabilities			
Government grants		**8,938**	10,203
Net assets		**853,497**	849,993
Equity attributable to equity holders of the Company			
Share capital		**1,534,227**	1,534,227
Reserves		**(680,730)**	(684,234)
Total equity		**853,497**	849,993

The interim condensed financial statements on pages 6 to 21 were approved and signed on behalf of the Board of Directors (the "Board") by:

Chen Jianming
Director

Wang Qingyu
Director

INTERIM STATEMENT OF CHANGES IN EQUITY

for the six months ended 30 June 2013

	For the six months ended 30 June	
	2013	2012
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Share capital		
Ordinary shares of RMB1.00 each:		
At beginning and end of period	**1,534,227**	1,534,227
Capital reserve		
At beginning and end of period	**205,363**	205,363
Statutory surplus reserve		
At beginning and end of period	**19,353**	19,353
Accumulated losses		
At beginning of period	**(908,950)**	(953,480)
Total comprehensive income for the period	**3,504**	25,870
At end of period	**(905,446)**	(927,610)
Reserves	**(680,730)**	(702,894)
Total equity attributable to equity holders of the Company	**853,497**	831,333

INTERIM CONDENSED STATEMENT OF CASH FLOWS

for the six months ended 30 June 2013

	For the six months ended 30 June	
	2013	2012
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Net cash flows from operating activities	**32,213**	54,549
Net cash flows used in investing activities	**(74,837)**	(27,846)
Net cash flows used in financing activities	**—**	(31,432)
Net decrease in cash and cash equivalents	**(42,624)**	(4,729)
Cash and cash equivalents at beginning of period	**414,074**	371,579
Effect of exchange rate changes on cash and cash equivalents	**(2,029)**	555
Cash and cash equivalents at end of period	**369,421**	367,405
Analysis of balances of cash and cash equivalents		
Cash and bank balances	**99,731**	101,413
Non-pledged time deposits with original maturity of less than twelve months	**269,690**	265,992
Cash and cash equivalents as stated in the interim statement of financial position and interim condensed statement of cash flows	**369,421**	367,405

NOTES TO INTERIM CONDENSED FINANCIAL STATEMENTS

30 June 2013

1. CORPORATE INFORMATION

Advanced Semiconductor Manufacturing Corporation Limited (the "Company") was initially established in the People's Republic of China (the "PRC") on 4 October 1988 as a Sino-foreign joint venture company with limited liability under the Law of the PRC on Joint Ventures Using Chinese and Foreign Investment with a tenure of operation of 30 years from 4 October 1988 to 3 October 2019.

On 2 March 2004, the Company was re-registered as a foreign invested joint stock company with limited liability. The tenure of operation of the Company was revised to infinite. On 7 April 2006, the Company's H shares were successfully listed on The Stock Exchange of Hong Kong Limited ("SEHK").

The registered office and principal place of business of the Company is located at 385 Hongcao Road, Shanghai 200233, the PRC.

The Company is principally engaged in the manufacture and sale of 5-inch, 6-inch and 8-inch wafers.

2. BASIS OF PREPARATION

The interim condensed financial statements of the Company for the six months ended 30 June 2013 are prepared in accordance with International Accounting Standard ("IAS") 34 "Interim Financial Reporting" promulgated by the International Accounting Standards Board.

The interim condensed financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the audited financial statements of the Company for the year ended 31 December 2012 ("2012 financial statements") dated 20 March 2013.

NOTES TO INTERIM CONDENSED FINANCIAL STATEMENTS (Continued)

30 June 2013

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies used in the preparation of these interim condensed financial statements are consistent with those used in the 2012 financial statements, except for the adoption of new standards and interpretations as of 1 January 2013, which are set out below.

The Company has adopted the following new and revised IFRSs for the first time in these interim condensed financial statements.

- IAS 19 Employee Benefits (Revised)
- IAS 27 Separate Financial Statements
- IAS 28 Investments in Associates and Joint Ventures
- IFRS 1 First-time Adoption of International Financial Reporting Standards — Government Loans (Amendments)
- IFRS 7 Financial Instruments: Disclosures — Offsetting Financial Assets and Financial Liabilities (Amendments)
- IFRS 10 Consolidated Financial Statements
- IFRS 11 Joint Arrangements
- IFRS 12 Disclosure of Interests in Other Entities
- IFRS 13 Fair Value Measurement
- IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine

* Improvements to IFRSs 2009-2011 cycle contain amendments to IFRS 1, IAS 1, IAS 16, IAS 32 and IAS 34.

The adoption of these new and revised IFRSs has had no significant financial effect on these interim condensed financial statements and there have been no significant changes to the accounting policies applied in these interim condensed financial statements.

NOTES TO INTERIM CONDENSED FINANCIAL STATEMENTS (Continued)

30 June 2013

4. SEGMENT INFORMATION

The Company's revenue and profit were mainly derived from the sale of wafers. The Company has only one reportable operating segment.

The principal assets employed by the Company are located in Shanghai, the PRC. Therefore, no segment information based on the geographical location of the Company's assets is presented.

The Company's revenue attributed to geographical areas based on the location of customers is presented as follows:

	3 months ended 30 June 2013 (Unaudited and unreviewed) ***RMB'000***	**6 months ended 30 June 2013 (Unaudited)** ***RMB'000***	3 months ended 30 June 2012 (Unaudited and unreviewed) *RMB'000*	6 months ended 30 June 2012 (Unaudited) *RMB'000*
United States of America	**108,011**	**193,775**	113,603	212,298
Europe	**48,317**	**69,742**	80,380	138,860
Asia	**65,403**	**103,333**	57,560	97,665
	221,731	**366,850**	251,543	448,823

Information about major customers

Revenue of approximately RMB210,185,000 (30 June 2012: RMB277,287,000) was derived from sales to three customers (30 June 2012: three) which individually accounted for more than 10% of the Company's total revenue during the six months ended 30 June 2013. Sales to a particular customer include sales to a group of entities which are known to be under common control with that customer.

NOTES TO INTERIM CONDENSED FINANCIAL STATEMENTS (Continued)

30 June 2013

5. REVENUE

Revenue, which is also the Company's turnover, represents the net invoiced value of goods sold, after allowances for returns and trade discounts, and the value of services rendered during the period.

An analysis of revenue is as follows:

	3 months ended 30 June 2013 (Unaudited and unreviewed) ***RMB'000***	**6 months ended 30 June 2013 (Unaudited)** ***RMB'000***	3 months ended 30 June 2012 (Unaudited and unreviewed) *RMB'000*	6 months ended 30 June 2012 (Unaudited) *RMB'000*
Sale of goods	**221,731**	**366,850**	251,543	448,815
Others	**—**	**—**	—	8
	221,731	**366,850**	251,543	448,823

6. OTHER INCOME AND GAINS AND OTHER EXPENSES

	3 months ended 30 June 2013 (Unaudited and unreviewed) ***RMB'000***	**6 months ended 30 June 2013 (Unaudited)** ***RMB'000***	3 months ended 30 June 2012 (Unaudited and unreviewed) *RMB'000*	6 months ended 30 June 2012 (Unaudited) *RMB'000*
Other income and gains				
Compensation income from a customer	**—**	**—**	—	8,049
Subsidy income	**5,612**	**6,247**	768	1,625
Interest income	**1,955**	**3,980**	2,199	4,210
Sale of scrap materials	**1,875**	**2,648**	170	227
Net foreign exchange gain	**—**	**—**	1,484	917
Others	**178**	**315**	408	688
	9,620	**13,190**	5,029	15,716
Other expenses				
Net foreign exchange loss	**(2,445)**	**(4,118)**	—	—
	(2,445)	**(4,118)**	—	—

NOTES TO INTERIM CONDENSED FINANCIAL STATEMENTS (Continued)

30 June 2013

7. PROFIT BEFORE TAX

Profit before tax is arrived at after charging/(crediting):

	3 months ended 30 June 2013 (Unaudited and unreviewed) ***RMB'000***	**6 months ended 30 June 2013 (Unaudited)** ***RMB'000***	3 months ended 30 June 2012 (Unaudited and unreviewed) *RMB'000*	6 months ended 30 June 2012 (Unaudited) *RMB'000*
Cost of inventories sold	**172,600**	**315,879**	197,220	386,727
Depreciation	**14,994**	**31,928**	23,606	48,211
Amortisation of intangible assets	**622**	**1,237**	615	1,218
Amortisation of prepaid land lease payments	**192**	**385**	192	385
Research and development costs	**7,062**	**18,681**	6,316	14,634
Employee benefits expense (including directors', supervisors' and senior executives' remuneration):				
– Retirement benefits	**4,763**	**9,220**	4,855	9,294
– Accommodation benefits	**1,318**	**2,653**	1,307	2,624
– Salaries and other staff costs	**42,939**	**81,721**	44,894	82,843
	49,020	**93,594**	51,056	94,761
Interest on bank borrowings	**123**	**321**	292	838
Impairment/(reversal of impairment) of doubtful debts	**(46)**	**(105)**	8	9
Write-down for inventories /(reversal of write-down)	**(2,782)**	**(164)**	186	3,234

NOTES TO INTERIM CONDENSED FINANCIAL STATEMENTS (Continued)

30 June 2013

8. INCOME TAX

No provision for Hong Kong profits tax has been made as the Company had no assessable profits arising in Hong Kong during the three months and the six months ended 30 June 2012 and 2013.

In accordance with the PRC Corporate Income Tax Law which was approved and became effective on 1 January 2008, the provision for Mainland China current income tax has been based on a statutory rate of 25% of the assessable profits of the Company for the year. However, the Company qualifies as a "High and New Technology Enterprise" and thus was granted a preferential rate of 15% from 1 January 2011 to 31 December 2013.

Major components of income tax are as follows:

	3 months ended 30 June 2013 (Unaudited and unreviewed) ***RMB'000***	**6 months ended 30 June 2013 (Unaudited)** ***RMB'000***	3 months ended 30 June 2012 (Unaudited and unreviewed) *RMB'000*	6 months ended 30 June 2012 (Unaudited) *RMB'000*
Provision for income tax in respect of profit for the period	**—**	**—**	—	—
Deferred tax credit	**—**	**—**	—	—
Income tax credit	**—**	**—**	—	—

No income tax is provided as the Company does not have taxable profits in the current period.

Deferred tax assets have not been recognised in respect of the deductible temporary differences, including tax losses, as it is not considered probable that sufficient taxable profits will be available against which these deductible temporary differences can be utilised.

9. DIVIDENDS

The Board does not recommend the payment of an interim dividend to the ordinary equity holders of the Company for the six months ended 30 June 2013 (30 June 2012: Nil).

10. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The basic earnings per share amount is calculated by dividing the profit for the period attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares in issue during the period.

	3 months ended 30 June 2013 (Unaudited and unreviewed)	**6 months ended 30 June 2013 (Unaudited)**	3 months ended 30 June 2012 (Unaudited and unreviewed)	6 months ended 30 June 2012 (Unaudited)
Profit attributable to ordinary equity holders of the Company *(RMB'000)*	**29,713**	**3,504**	32,956	25,870
Weighted average number of ordinary shares in issue *('000)*	**1,534,227**	**1,534,227**	1,534,227	1,534,227

No diluted earnings per share is presented for the three months and the six months ended 30 June 2012 and 2013 as the Company had no potentially dilutive ordinary shares in issue during those periods.

NOTES TO INTERIM CONDENSED FINANCIAL STATEMENTS (Continued)

30 June 2013

11. PROPERTY, PLANT AND EQUIPMENT

	Buildings (Unaudited) *RMB'000*	Plant and machinery (Unaudited) *RMB'000*	Office equipment (Unaudited) *RMB'000*	Motor vehicles (Unaudited) *RMB'000*	Total (Unaudited) *RMB'000*
Cost:					
At 1 January 2013	157,122	3,825,226	79,416	3,419	4,065,183
Transferred from construction in progress	4,391	21,564	185	403	26,543
Disposals	—	(14,041)	(1,573)	(911)	(16,525)
At 30 June 2013	161,513	3,832,749	78,028	2,911	4,075,201
Accumulated depreciation:					
At 1 January 2013	59,938	2,816,106	72,935	2,970	2,951,949
Charge for the period	2,639	28,200	1,028	61	31,928
Disposals	—	(14,041)	(1,573)	(911)	(16,525)
At 30 June 2013	62,577	2,830,265	72,390	2,120	2,967,352
Impairment losses:					
At beginning and end of the period	—	794,726	—	—	794,726
Net book value:					
At 30 June 2013	98,936	207,758	5,638	791	313,123

As at 30 June 2013, the Company has not obtained certificates of real estate ownership from the relevant PRC government authorities for certain buildings with a carrying amount of RMB17,759,000 (31 December 2012: RMB18,146,000). Until the receipt of the certificates, the Company has no right to assign or pledge these buildings. The Company believes that it is entitled to lawfully and validly occupy and use the above-mentioned buildings, and therefore the aforesaid matters did not have any significant impact on the Company's financial position as at 30 June 2013.

NOTES TO INTERIM CONDENSED FINANCIAL STATEMENTS (Continued)

30 June 2013

11. PROPERTY, PLANT AND EQUIPMENT (Continued)

	Buildings (Audited) *RMB'000*	Plant and machinery (Audited) *RMB'000*	Office equipment (Audited) *RMB'000*	Motor vehicles (Audited) *RMB'000*	Total (Audited) *RMB'000*
Cost:					
At 1 January 2012	157,103	3,786,901	77,106	3,194	4,024,304
Additions	—	2	—	—	2
Transferred from construction in progress	19	60,041	2,373	492	62,925
Disposals	—	(21,718)	(63)	(267)	(22,048)
At 31 December 2012	157,122	3,825,226	79,416	3,419	4,065,183
Accumulated depreciation:					
At 1 January 2012	54,701	2,753,827	70,951	3,148	2,882,627
Charge for the year	5,237	83,997	2,047	89	91,370
Disposals	—	(21,718)	(63)	(267)	(22,048)
At 31 December 2012	59,938	2,816,106	72,935	2,970	2,951,949
Impairment losses:					
At 1 January 2012	—	794,726	—	—	794,726
Disposals	—	—	—	—	—
At 31 December 2012	—	794,726	—	—	794,726
Net book value:					
At 31 December 2012	97,184	214,394	6,481	449	318,508

NOTES TO INTERIM CONDENSED FINANCIAL STATEMENTS (Continued)

30 June 2013

12. ACCOUNTS AND NOTES RECEIVABLES

	30 June 2013 (Unaudited) *RMB'000*	31 December 2012 (Audited) *RMB'000*
Accounts receivable	**78,073**	61,502
Notes receivable	**16,232**	12,653
	94,305	74,155
Impairment for accounts receivable	**(28)**	(491)
	94,277	73,664

Credit terms granted by the Company to its customers generally range from 30 to 60 days.

An aged analysis of the accounts and notes receivables at the end of the reporting period, based on the invoice date and net of impairment, is as follows:

	30 June 2013 (Unaudited) *RMB'000*	31 December 2012 (Audited) *RMB'000*
Outstanding balances with ageing:		
Within 30 days	**63,606**	36,731
Between 31 days and 90 days	**22,927**	32,676
Between 91 days and 180 days	**7,703**	3,966
Between 181 days and 365 days	**41**	291
Over 365 days	**—**	—
	94,277	73,664

The movements in the impairment for accounts receivable are as follows:

	30 June 2013 (Unaudited) *RMB'000*	31 December 2012 (Audited) *RMB'000*
At beginning of period/year	**491**	594
Impairment written-off	**(358)**	—
Impairment losses reversed	**(105)**	(103)
At end of period/year	**28**	491

NOTES TO INTERIM CONDENSED FINANCIAL STATEMENTS (Continued)

30 June 2013

12. ACCOUNTS AND NOTES RECEIVABLES (Continued)

The analysis of accounts and notes receivables that were past due but not impaired at the end of the reporting period is as follows:

			Past due but not impaired			
	Total	Neither past due nor impaired	<60 days	60-180 days	181-365 days	>365 days
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
30 June 2013 (unaudited)	**94,277**	**84,189**	**10,079**	**9**	**—**	**—**
31 December 2012 (audited)	73,664	47,823	25,805	8	28	—

13. ACCOUNTS PAYABLE

An aged analysis of the accounts payable at the end of the reporting period, based on the invoice date, is as follows:

	30 June 2013 (Unaudited)	31 December 2012 (Audited)
	RMB'000	*RMB'000*
Outstanding balances with ageing:		
Within 30 days	**105,435**	57,327
Between 31 days and 90 days	**14,686**	8,190
Between 91 days and 180 days	**5,381**	5,456
Between 181 days and 365 days	**1,869**	3,692
Over 365 days	**1,694**	1,155
	129,065	75,820

NOTES TO INTERIM CONDENSED FINANCIAL STATEMENTS (Continued)

30 June 2013

14. INTEREST-BEARING BANK BORROWINGS

	30 June 2013		
	Effective interest rate	**Maturity**	**RMB'000 (Unaudited)**
Unsecured bank borrowings repayable within one year	**3.44%**	**2013**	**18,536**

	31 December 2012		
	Effective interest rate	Maturity	RMB'000 (Audited)
Unsecured bank borrowings repayable within one year	3.44%	2013	18,857

15. COMMITMENTS

The Company had the following capital commitments at the end of the reporting period:

	30 June 2013 (Unaudited) ***RMB'000***	31 December 2012 (Audited) *RMB'000*
Capital commitments in respect of property, plant and equipment:		
– contracted, but not provided for	**12,825**	69,800
– authorised, but not contracted for	**27,999**	98,047
	40,824	167,847

NOTES TO INTERIM CONDENSED FINANCIAL STATEMENTS (Continued)

30 June 2013

16. RELATED PARTY TRANSACTIONS

The Company is under the significant influence of NXP B.V., which holds 27.47% of the equity interest of the Company. The companies controlled by NXP B.V. are considered to be related to the Company.

The Company had the following material transactions with related parties during the period:

	Notes	**3 months ended 30 June 2013 (Unaudited and unreviewed)** ***RMB'000***	**6 months ended 30 June 2013 (Unaudited)** ***RMB'000***	3 months ended 30 June 2012 (Unaudited and unreviewed) *RMB'000*	6 months ended 30 June 2012 (Unaudited) *RMB'000*
Sales	(i)	**41,400**	**61,199**	69,657	111,474
Technology transfer fees	(ii)	**2,000**	**3,502**	2,901	4,940
Compensation paid/ payable to key management personnel (including directors, supervisors and senior executives)		**969**	**2,412**	2,460	4,581

Notes:

(i) Sales to related companies were carried out on terms equivalent to those that prevail in arm's length transactions.

(ii) Royalties in the form of technology transfer fees (including identification licensing fees) paid/payable to a related company were determined at 3% or 10% of the net sales of certain specified products sold according to agreement of the parties.

In the opinion of the directors, all transactions above were carried out in the ordinary course of business of the Company.

The above related party transactions set out in Notes (i) and (ii) also constitute continuing connected transactions as defined in Chapter 14A of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

17. APPROVAL OF THE INTERIM CONDENSED FINANCIAL STATEMENTS

The interim condensed financial statements were approved and authorised for issue by the Board on 7 August 2013.

MANAGEMENT DISCUSSION AND ANALYSIS

SIX MONTHS ENDED 30 JUNE 2013 COMPARED TO SIX MONTHS ENDED 30 JUNE 2012

Sales

During the first half of 2013, the Company continued to experience an inventory correction in the semiconductor supply chain. That, along with the traditional slow season in the early part of the year and a prolonged annual maintenance shutdown, led the Company's sales for the six months ended 30 June 2013 to decline by 18.2% to RMB366.9 million. During the reporting period, wafer shipments decreased by 10.0% to 205,515 units of 8-inch equivalent wafers from 228,437 units of 8-inch equivalent wafers for the six months ended 30 June 2012.

Gross profit

Gross profit for the six months ended 30 June 2013 amounted to RMB51.0 million, compared to RMB62.1 million for the six months ended 30 June 2012. Gross margin for the six months ended 30 June 2013 remained flat at 13.9% over the corresponding period of last year, attributable to cost reduction initiatives which resulted in a decrease in controllable costs, i.e. parts and chemicals, and lower depreciation charges as a result of certain assets being fully depreciated.

Other income and gains

Other income and gains for the six months ended 30 June 2013 were RMB13.2 million, compared to RMB15.7 million for the six months ended 30 June 2012. Other income and gains in the first half of 2013 were primarily generated by subsidy income, interest income, the sale of scrap materials and others.

Selling and distribution expenses

Selling and distribution expenses increased from RMB3.7 million for the six months ended 30 June 2012 to RMB4.1 million for the six months ended 30 June 2013, mainly due to higher compensation expenses resulting from the termination of a labor contract.

General and administrative expenses

General and administrative expenses amounted to RMB33.4 million for the six months ended 30 June 2013, an increase of RMB0.7 million or 2.1% from RMB32.7 million for the six months ended 30 June 2012, primarily attributed to an increase in payroll-related expenses and, to a lesser extent, in employee compensation expenses related to the termination of labor contracts.

Research and development costs

Research and development costs for the six months ended 30 June 2013 were RMB18.7 million, representing an increase of 28.1% from RMB14.6 million for the six months ended 30 June 2012, primarily associated with new product development activities.

Other expenses

Other expenses for the six months ended 30 June 2013 recorded a net foreign exchange loss of RMB4.1 million. No other expenses were recorded for the six months ended 30 June 2012.

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

SIX MONTHS ENDED 30 JUNE 2013 COMPARED TO SIX MONTHS ENDED 30 JUNE 2012 (Continued)

Finance costs

Finance costs for the six months ended 30 June 2013 were RMB0.3 million, a decrease of RMB0.5 million or 62.5% from RMB0.8 million for the six months ended 30 June 2012, primarily attributable to lower interest expenses resulting from a continued decrease in the Company's bank loan balance.

Net income

As a result of the factors listed above, the Company recorded net income of RMB3.5 million for the six months ended 30 June 2013, compared to net income of RMB25.9 million for the six months ended 30 June 2012.

Liquidity and capital resources

The Company held RMB369.4 million in cash and cash equivalents as at 30 June 2013, compared to RMB414.1 million as at 31 December 2012. The Company's net cash inflow from operating activities was RMB32.2 million for the six months ended 30 June 2013, compared to RMB54.5 million in the corresponding period of 2012.

The Company's net cash outflow from investing activities was RMB74.8 million for the six months ended 30 June 2013, primarily for the purchase of items of property, plant and equipment, and construction in progress and intangible assets, compared to net cash outflow of RMB27.8 million from investing activities for the six months ended 30 June 2012. The total capital expenditures were RMB84.0 million for the six months ended 30 June 2013, compared to RMB21.8 million for the six months ended 30 June 2012. The capital expenditures incurred in the first half of 2013 were mostly allocated to the production facilities and equipment associated with 6-inch and 8-inch wafers for the sake of improving capacity and productivity.

No cash flows from financing activities were recorded for the six months ended 30 June 2013, compared to net cash outflow of RMB31.4 million for the six months ended 30 June 2012.

As at 30 June 2013, the Company's short-term interest-bearing borrowings amounted to RMB18.5 million, which was denominated in US dollars, the same as at 30 June 2012.

As at 30 June 2013, the Company's current ratio was 3.32, compared to 4.22 as at 31 December 2012. The Company's debt to equity ratio as at 30 June 2013 was 23.0%, compared to 18.9% as at 31 December 2012.

Employees

As at 30 June 2013, the Company had 1,411 employees, an increase of 2.0% from 1,384 employees as at 31 December 2012. During the reporting period, remuneration and employment benefits were provided for and paid in accordance with PRC laws and regulations.

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

SIX MONTHS ENDED 30 JUNE 2013 COMPARED TO SIX MONTHS ENDED 30 JUNE 2012 (Continued)

Interest rate risks

The Company's exposure to market risk for changes in interest rate relates primarily to its interest-bearing bank borrowings. As at 30 June 2013, the Company's total borrowings were working capital loans. The interest rates on the Company's US dollar-denominated loans are linked to LIBOR. The Company did not execute interest rate swaps to hedge its exposure to interest rate risk during the reporting period.

RMB fluctuation risks

RMB is the Company's functional and reporting currency. A large amount of the Company's revenue and expenditures are now denominated in foreign currencies. In the event that the Company's RMB revenue is not sufficient to meet its RMB expenditure, the Company will be required to meet the difference by conversion of its foreign currencies deposits into RMB, which might result in exchange loss, ultimately leading to a negative impact on its cash flow.

Capital commitments

As at 30 June 2013, the Company had capital commitments for property, plant and equipment amounting to RMB40.8 million, of which RMB12.8 million was contracted but not provided for, while the remaining RMB28.0 million was authorized but not contracted for.

OPERATING RESULTS FOR THE THREE MONTHS ENDED 30 JUNE 2013

Sales for the three months ended 30 June 2013 were RMB221.7 million, an increase of RMB76.6 million or 52.8% from RMB145.1 million for the first quarter of 2013. Such increase was primarily due to the substantial increase in the sales of both 6-inch and 8-inch wafers and, to a lesser extent, in the sales of 5-inch wafers.

Gross profit for the three months ended 30 June 2013 was RMB49.1 million, an increase of RMB47.3 million from RMB1.8 million recorded in the previous quarter. Gross margin for the three months ended 30 June 2013 was 22.1% compared to 1.2% in the first quarter of 2013, primarily attributable to a higher level of capacity utilization rate.

Other income and gains for the three months ended 30 June 2013 were RMB9.6 million, compared to RMB3.6 million for the three months ended 31 March 2013. Other income and gains in the first quarter and second quarter of 2013 mainly comprised interest income, subsidy income, the sale of scrap materials and others.

Operating expenses for the three months ended 30 June 2013 were RMB26.5 million, representing a decrease of 10.8% from RMB29.7 million for the three months ended 31 March 2013, largely attributable to a decline in research and development costs, which was partially offset by an increase in general and administrative expenses.

Other expenses for the three months ended 30 June 2013 amounted to RMB2.4 million, compared to RMB1.7 million for the three months ended 31 March 2013. Other expenses in the first and second quarters of 2013 comprised only net foreign exchange loss.

Finance costs for the three months ended 30 June 2013 amounted to RMB0.1 million, compared to RMB0.2 million for the three months ended 31 March 2013.

As a result, the Company achieved net income of RMB29.7 million for the three months ended 30 June 2013, compared to a net loss of RMB26.2 million for the three months ended 31 March 2013.

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

OPERATING RESULTS FOR THE THREE MONTHS ENDED 30 JUNE 2013 (Continued)

1. Revenue Analysis

By Application

Sales for the three months ended 30 June 2013 from communication, computer and consumer products accounted for 33%, 33% and 34% of total revenue respectively, which were basically in line with the previous quarter.

	2Q'13	1Q'13	2Q'12
Communication	**33%**	34%	33%
Computer	**33%**	32%	33%
Consumer	**34%**	34%	34%

By Geography

For the three months ended 30 June 2013 sales to the USA, Europe and Asia Pacific accounted for 49%, 22% and 29% of total revenue, respectively, compared to 59%, 15% and 26% in the previous quarter.

	2Q'13	1Q'13	2Q'12
USA	**49%**	59%	45%
Europe	**22%**	15%	32%
Asia Pacific	**29%**	26%	23%

By Customer Type

For the three months ended 30 June 2013, sales to IDM and fabless customers accounted for 34% and 66% of total revenue, respectively, compared to 25% and 75% in the first quarter of 2013.

	2Q'13	1Q'13	2Q'12
IDM	**34%**	25%	37%
Fabless	**66%**	75%	63%

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

OPERATING RESULTS FOR THE THREE MONTHS ENDED 30 JUNE 2013 (Continued)

1. Revenue Analysis (Continued)

By Product

For the three months ended 30 June 2013, sales as a percentage of total revenue from 5-inch, 6-inch and 8-inch wafers were 13%, 42% and 44%, respectively, compared to 14%, 35% and 50% in the previous quarter.

	2Q'13	1Q'13	2Q'12
5-inch wafers	**13%**	14%	14%
6-inch wafers	**42%**	35%	42%
8-inch wafers	**44%**	50%	43%
Others[1]	**1%**	1%	1%

Note 1: Consist of probing services and provision of masks

2. Utilization and Capacity (8" equivalent)

2.1 Utilization

Overall capacity utilization for the three months ended 30 June 2013 was 67%, compared to 44% in the first quarter of 2013.

Fab	2Q'13	1Q'13	2Q'12
Fab 1/2			
5-inch wafers	**45%**	32%	51%
6-inch wafers	**63%**	30%	64%
Fab 3			
8-inch wafers	**77%**	62%	101%
Overall Capacity Utilization Rate	**67%**	44%	77%

Notes:

1. The capacity utilisation rate represents the percentage of the actual number of processing steps (measured by the number of masks used) for the number of semiconductor wafers shipped in the reporting period divided by the total number of processing steps a fab is capable of producing during the corresponding period.

2. The capacity utilization rates stated in the table are calculated on the basis of the theoretical capacity of the Company's fabrication facilities, as discussed in Notes 2 to paragraph 2.2 below. In consequence, the utilization rates of actual operating capacity are higher than the figures stated in the table above.

3. The utilization rate of the Company's 8-inch wafers in fab3 was calculated on the basis of 300,000 marks per month which became effective on 1 January 2013.

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

OPERATING RESULTS FOR THE THREE MONTHS ENDED 30 JUNE 2013 (Continued)

2. Utilization and Capacity (8" equivalent) (Continued)

2.2 Capacity (8" Equivalent)

The capacity for the three months ended 30 June 2013 was 159,000 8-inch equivalent wafers, compared to 159,000 8-inch equivalent wafers for the three months ended 31 March 2013 and 154,000 8-inch equivalent wafers for the three months ended 30 June 2012.

Fab (wafers in thousands)	**2Q'13**	1Q'13	2Q'12
Fab 1/2			
5-inch wafers	**33**	33	33
6-inch wafers	**85**	85	85
Fab 3			
8-inch wafers	**41**	41	36
Total Capacity	**159**	159	154

Notes:

1. The Company estimated the capacities of its 5-inch, 6-inch and 8-inch on the basis of 9, 10 and 22 mask steps per wafer respectively and 5-inch, 6-inch wafers were converted to 8-inch equivalent wafers by dividing their wafer number by 2.56 and 1.78 respectively.

2. The installed capacity of the Company's fabrication facilities is calculated assuming continuous production of an optimum product mix, which in practice is unlikely ever to be achieved. In consequence, the actual operating capacity is less than the figures stated in the table.

3. Receivables/Inventory Turnover

Receivables turnover for the three months ended 30 June 2013 was 45 days, compared to 57 days in the first quarter of 2013.

Inventory turnover was 80 days for three months ended 30 June 2013, compared to 95 days in the prior quarter.

	2Q'13	1Q'13	2Q'12
Trade and notes receivables turnover (days)	**45**	57	42
Inventory turnover (days)	**80**	95	89

4. Capital Expenditure

Capital expenditures for the three months ended 30 June 2013 amounted to RMB29.6 million, compared to RMB54.4 million for the first quarter of 2013.

	2Q'13	1Q'13	2Q'12
(Amount: RMB'000)			
Capex	**29,627**	54,422	21,104

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

OPERATING RESULTS FOR THE THREE MONTHS ENDED 30 JUNE 2013 (Continued)

PROSPECTS AND FUTURE PLANS

The global semiconductor market is likely to see slower growth given the persistence of challenging economic and market conditions. Indeed, slow consumer spending and the lack of consumer confidence, limited visibility and cyclicality are still confronting the semiconductor market. Internally, the Company's major customers are not keen on building up their inventories although improved orders have benefited its business operations during the course of the second quarter of 2013. As a result, the Company is taking a cautious approach to its business operations and financial performance in the near term.

During the first half of 2013, the major advanced economies continued to see weak recovery while the Chinese economy showed clear signs of a slowdown. In the complicated domestic and international market environment, the Company actively adhered to its principle of focusing on "promoting transformative development and creating a bright future", and also placed much emphasis on improving its management capabilities, operational efficiency and sustainability. In addition, the Company also managed to reduce unit manufacturing costs by taking a number of strict cost control measures and enhancing productivities, and maintained growth as best as possible, and finally kept its footing in the second quarter of 2013, hence laying a solid foundation for the full year's operating performance.

The Company will endeavor to further enhance its management and improve its overall competitiveness. As part of its effort to sustain its growth and development, the Company will accelerate the adjustment of its product structure in response to evolving customers' demand in the domestic market. In addition, the Company will accelerate its shift towards an innovative business model with an emphasis on strengthening its abilities in sales and marketing, design service and technology, and continuously seek strategic alliances with key players in the semiconductor supply chain. The Company believes that its ongoing growth plan and strategies will reinvigorate its efforts to become the most respected dedicated analog foundry both at home and abroad.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the six months ended 30 June 2013, there was no purchase, sale or redemption by the Company of its listed securities.

DIRECTORS', SUPERVISORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS

As at 30 June 2013, none of the directors, supervisors and chief executives of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) as recorded in the register maintained under section 352 of the SFO, or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS

As at 30 June 2013, the interests and short positions of the following persons (not being a director, supervisor or chief executive of the Company) in the shares or underlying shares of the Company (within the meaning of Part XV of the SFO) were recorded in the register kept by the Company pursuant to section 336 of the SFO.

Name of shareholders	Class of shares	Number of shares	Capacity	Percentage in the relevant class of issued share capital	Percentage in the total issued share capital
NXP B.V. *(Note 1)*	H-shares	408,806,888 (Long position)	Beneficial owner	36.13%	26.65%
	Unlisted foreign shares	12,643,512 (Long position)	Beneficial owner	100%	0.82%
SCIP (HK) Limited ("SCIP (HK)") *(Note 2)*	H-shares	222,574,584 (Long position)	Beneficial owner	19.67%	14.51%
Shanghai Chemical Industrial Park Investment Enterprise Company Limited ("SCIPI") *(Note 2)*	Domestic shares	122,220,616 (Long position)	Beneficial owner	31.32%	7.97%
China Orient Asset Management Corporation	Domestic shares	179,303,000 (Long position)	Beneficial owner	45.95%	11.69%
Shanghai Belling Co., Limited	Domestic shares	88,726,400 (Long position)	Beneficial owner	22.74%	5.78%

Notes:

1. NXP B.V. is a wholly-owned subsidiary of NXP Semiconductors N.V. (formerly known as Kaslion Acqusition B.V.) which is held as to 34% by a private equity consortium consisting of funds advised by Kravis Roberts & Co. L.P., Bain Capital Partners, LLC, Silver Lake Management Company, L.L.C., Apax Partners LLP and AlpInvest Partners N.V. as well as smaller investors (the "Private Equity Consortium"). Accordingly, NXP Semiconductors N.V. and the Private Equity Consortium are taken as having interests in the 408,806,888 H-shares and the 12,643,512 unlisted foreign shares of the Company which are beneficially held by NXP B.V.

2. SCIP (HK) is a wholly-owned subsidiary of SCIPI which in turn is 100% controlled by Shanghai Chemical Industrial Park Development Co., Ltd. ("SCIPD"). Accordingly, SCIPI and SCIPD are taken as having interests in the 222,574,584 H-shares of the Company which are beneficially held by SCIP (HK), and SCIPD is taken as having interests in the 122,220,616 domestic shares of the Company which are beneficially held by SCIPI.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS (Continued)

Pursuant to Section 336 of the SFO, the shareholders of the Company are required to file disclosure of interests forms when certain criteria are fulfilled. When a shareholding in the Company changes, it is not necessary for the shareholder to notify the Company and the Stock Exchange unless a specific threshold is passed, therefore a substantial shareholder's latest shareholding in the Company may be different from the shareholding filed with the Company and the Stock Exchange.

SHARE OPTION SCHEME

As at 30 June 2013, the Company had no share option scheme within the meaning of Chapter 17 of the Listing Rules.

CORPORATE GOVERNANCE

Compliance with the Corporate Governance Code

The Company is committed to maintaining high standards of corporate governance so as to ensure better transparency and protection of shareholders' interests. The Company has fully complied with the code provisions of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules for the six months ended 30 June 2013.

Model Code

The Company has adopted the Model Code as the Company's code of conduct regarding securities transactions by the directors and supervisors.

The Company, having made specific enquiry of all its directors and supervisors, confirms that its directors and supervisors have complied with the required standards set out in the Model Code throughout the six months ended 30 June 2013.

Audit Committee Review

The Audit Committee of the Company consists of three independent non-executive directors, namely Mr. James Arthur Watkins (Chairman), Dr. Chen Enhua and Dr. Jiang Qingtang, and two non-executive directors, namely Ms. Wu Yi and Ms. Shen Qing. The interim results for the six months ended 30 June 2013 are unaudited, but have been reviewed by the Audit Committee and Ernst & Young, the Company's external auditors.

By Order of the Board
ADVANCED SEMICONDUCTOR MANUFACTURING CORPORATION LIMITED
Wang Qingyu
Executive Director & President

Shanghai, the PRC, 7 August 2013

As at the date of this interim report, the executive director of the Company is Wang Qingyu, the non-executive directors of the Company are Chen Jianming, Winfried Lodewijk Peeters, Shen Qing, Wu Yi, Zhu Jian and Xu Ding; and the independent non-executive directors of the Company are James Arthur Watkins, Chen Enhua, Jiang Qingtang and Pu Hanhu.